

HUMAN RESOURCES BULLETIN 99-02

Federal Employees Group Life Insurance Improvement Act, P.L. 105-311

President Clinton has signed the Federal Employees' Group Life Insurance Improvement Act. The new law makes a number of changes to the existing FEGLI Program insurance options as follows:

- Eliminates the maximums on Basic and Option B;
- Allows for the election of unreduced Option B at retirement;
- Allows for the Portability of Option B upon separation or when coverage in nonpay status runs out;
- Increases available option C coverage to up to 5 times the current amounts for spouse and dependent children;
- Allows for the election of unreduced Option C at retirement;
- Covers foster children under Option C;
- Provides a remedy for the erroneous enrollment of an employee, annuitant, or compensationers in the FEGLI Program;
- Provides for direct payment of premiums for employees, annuitants, and compensationers whose pay is insufficient to cover withholdings for life insurance;
- Provides for an open season; and
- Directs the Office of Personnel Management to study other life insurance alternatives for Federal employees and to report its findings to Congress.

The open season will take place April 24 - June 30, 1999. During this season employees can increase their coverage and those not already enrolled may sign up. Open season elections will become effective the first period beginning on or after April 23, 2000, which follows a pay period in which the employee was in a pay and duty status.

A detailed explanation of the changes resulting from the legislation is available on the web at www.opm.gov/insure/life. A FEGLI Open Season Hotline is now operational. The number is (202) 606-0163.

Thrift Savings Plan Open Season

Human Resources Bulletin 98-10 discussed the TSP open season which began 15 November 1998. The Office of Personnel Management has clarified that the open season will end on 1 February 1999 instead of 31 January 1999 because the 31st is a Sunday.

Investment Caution From the Thrift Investment Board

The Thrift Saving Plan (TSP) is a “monthly-valued” plan. Account transactions such as interfund transfers and withdrawals can only take place once a month, after the earnings for each individual account have been determined. This means that there is no way you can “time the market”, that is, get out of the C or F Fund quickly when you think the market is going down, and then get back in when you think it is going up. However, with the coming availability of the new record keeping system in mid-2000, the TSP will be a “daily-valued” plan and transactions will be implemented on a daily basis. But that does not necessarily mean that market timing will become a good idea.

The best plan is to assess your investment strategy and decide whether you are comfortable with the level of risk you have assumed in the C and F Fund investments. If you are unwilling to ride out market ups and downs, or if you are going to be withdrawing your account in the near future, you may want to reconsider your strategy.

Federal Employees Compensation Act

A new law, Public Law 105-247, makes anyone who fraudulently claims benefits under the Federal Employees Compensation Act ineligible for these injury benefits. The old law did not state this restriction.

WILLIAM D. ST. JOHN
Director of Human Resources